

February 4, 2003

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Chairman Michael Powell
Commissioner Kevin Martin
Commissioner Kathleen Abernathy
Commissioner Michael Copps
Commissioner Joriathon Adelstein
445 12th Street SW Portals II Building
Washington, DC 20544

This letter is being submitted as an ex-parte communication Re: In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers and Implementation of the Local Competition Provisions in the Local Telecommunications Act of 1996, CC Docket No. 01-338; 96-98; 98-147

Dear Commissioners:

News reports indicate that the FCC is poised to adopt a rule that could severely hamper competitive access to the local telephone monopoly networks – access which is required by the 1996 Telecommunications Act. Such a move could do severe damage to the telecom sector now struggling to recover.

Telecom companies involved in both voice and data services, and in related equipment industries, all benefit from the rising tide of competition. Maintaining competition, and a healthy number of market players, **will** produce increasing investments in networks and facilities, and in innovation and applications' industries. This is especially true for equipment suppliers not beholden to a single dominant monopoly.

In particular, we are especially concerned about a Bell proposal, apparently under discussion at the FCC, which could balkanize competitive access to the Bell monopolies' transmission lines, effectively ending such access on **lines** modified with new fiber construction.

Such a policy would represent a troubling development for several reasons

First, such a policy could dramatically decrease the number of firms providing broadband and related services, and create a corresponding decrease in demand for equipment suppliers. Many of these firms are small businesses, or firms that provide high-speed broadband services to small businesses.

Second, because voice and data **will** soon be transmitted over these same lines, a balkanized policy could represent a Trojan horse that could ultimately hamper, if not eliminate, competition in voice services, with a similar corresponding negative impact on related industries and equipment suppliers.

Third, we find no place where the Telecommunications Act calls for, or endorses, such a dichotomous approach to policy. In fact, this policy was proposed, and rejected, by Congress in its last session. Therefore, it would be troubling to see the Commission adopt such a policy by executive fiat.

We strongly believe that any attempt to abort competition in either the voice or the high speed data industries will create a **drag** on the economic recovery and will be felt particularly hard among small businesses who are finally seeing the benefits of **true** competition in local phone service. We would urge you against going down such a road.

Sincerely,



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cc: House Commerce Committee Members
House Small Business Committee Members
Senate Commerce Committee Members
Senate Small Business and Entrepreneurship Committee Members